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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001171

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SUBJECT: DPP CHAIRMAN YU SHYI-KUN DISCUSSES ELECTION  
POLITICS AND TAIWAN IDENTITY

Classified By: AIT Director Stephen M. Young,  
Reasons: 1.4 (b/d)

11. (C) Summary: DPP Chairman Yu Shyi-kun told the Director on May 24 that President Chen will work closely together with former Premier Frank Hsieh, the party's presidential candidate, to ensure the DPP wins in 2008. While Hsieh won the primary by unifying forces within the party unhappy with President Chen, Premier Su Tseng-chang, and the New Tide faction that supported Su, the entire party is now unifying behind Hsieh. The DPP will push Taiwan identity themes throughout the campaign to highlight the contrast with the KMT, Yu suggested, adding that he believes partisan polarization has eliminated the moderate middle ground in Taiwan politics. The Director urged Taiwan to set aside partisan politics to pass a robust defense budget. Yu emphasized that the DPP shares the same interest but doubted that the impasse in the legislature would be resolved in the near future. End Summary.

Hsieh Rides Anti-New Tide Wave to Victory  
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12. (C) The Director met on May 24 with DPP Chairman Yu Shyi-kun, one of four candidates who ran for the party's presidential nomination, to discuss election politics and Taiwan identity issues. Analyzing the recently concluded presidential primary, Yu explained that former Premier Frank Hsieh (Chang-ting) won by unifying forces within the party dissatisfied with President Chen, then Premier Su Tseng-chang and the New Tide faction, which supported Su. Yu suggested that the disciplined and aggressive former New Tide faction had over the years made too many enemies within the party. New Tide's wavering in the face of last year's "Red Shirt" protests calling for President Chen's resignation, moreover, raised further doubts about the faction's loyalty to the party. Yu emphasized that the decision to exclude pan-Blue voters from public opinion polls used in the legislative primaries will not necessarily produce weaker DPP candidates with limited public appeal, but rather helps to generate candidates who more closely represent the party's "core values."

President Chen's Role in Upcoming Campaign  
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13. (C) Yu told the Director that President Chen will "work as one" with Hsieh to make sure the DPP wins in 2008, and he discounted the possibility that policies or electoral tactics pursued by Chen could undermine Hsieh's campaign. Yu added that the nature and extent of Chen's participation in the presidential campaign will be decided by the raw calculation of whether it boosts Hsieh's electoral prospects.

14. (C) Yu explained that President Chen decided to appoint Chang Chun-hsiung to the Premiership again because Chang would not need time to learn the ropes and could focus on running the government in a way that would help lead the DPP to electoral victory. Chang is congenial and enjoys good relations with Hsieh, Yu observed. Yu expects the Presidential Office, Executive Yuan, and the DPP to work closely with Hsieh's campaign team throughout the election season. Yu noted that the selection of a vice presidential running mate will be Hsieh's to make, with the most important consideration being choosing someone who adds value to the ticket. Both former Premier Su Tseng-chang and former Vice Premier Yeh Chu-lan are potential candidates and would help Hsieh, Yu added.

#### DPP Closing Gap on KMT

15. (C) Yu noted that the DPP supports holding legislative and presidential elections concurrently on either January 19 or 20, 2008 to reduce costs and boost the party's electoral prospects. The DPP believes joint elections would raise voter turnout, especially for the legislative races, giving the DPP a small advantage over the KMT. Initially, the KMT supported joint elections because it enjoys advantages in

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financial, grassroots, and local organization, Yu noted, but its current stance is unclear as the party faces a leadership "crisis." The split between Ma Ying-jeou and Wang Jin-pyng and the problem of Ma's indictment and ongoing trial could undermine its organizational advantages in the election, Yu noted. Such internal division, Yu pointed out, contrasts markedly with unity within the DPP. Despite holding an open, heated primary, all three losing DPP candidates quickly rallied behind Frank Hsieh within 24 hours of his victory and pledged their support for his candidacy.

16. (C) Yu predicted that Hsieh will be able to defeat Ma Ying-jeou. Internal DPP polls indicate that Ma leads Hsieh by a 10 percent margin, but that gap has been narrowing over the past several weeks as the DPP show of unity reinstalled confidence in the party. Yu quipped that Ma's ratings go down whenever he does anything of substance, while his ratings go up when he "does nothing," such as taking a bicycle tour around the island as he did recently. In the long-term, Yu predicted Ma will be hurt by the KMT's decision to hold passage of the annual budget "hostage" to the controversial Central Election Commission (CEC) reorganization bill. Although early polling indicated the public blamed the DPP for holding up the budget, that has now changed. Most people now see the KMT as the obstructionists in the legislature. The KMT's decision to continue defending the legacy of former President and dictator Chiang Kai-shek also damages Ma, Yu added.

#### Taiwan Identity Key to Victory in 2008 . . .

17. (C) Turning to DPP electoral strategy, Yu said the DPP's goal is to translate the increase in Taiwanese identity into more votes for the party. A rise in the percentage of the population who identify themselves as Taiwanese from 30 to 68 percent over the past decade means that appealing to Taiwan identity will be key to winning the presidential election. Yu said that Blue-Green confrontation has eliminated the moderate middle ground in this presidential contest and

therefore the DPP will push identity-related themes to highlight the contrast with the KMT. This will be Ma's Achilles heel, Yu predicted, because Ma identifies with "China" and wants unification, hence voters who identify with Taiwan will turn from him in the end.

. . . But Who Am I?  
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18. (C) Yu defined "Taiwanese" in subjective terms as those who "identify" with Taiwan, irrespective of birthplace or provincial origin. Yu said he, for example, considers himself a "Taiwanese of Chinese descent" (huayi Taiwanren), but added that he may not necessarily be ethnically or racially "Han Chinese" (Hanren). Yu claimed that Beijing conducted genetic studies in southeast China aimed at proving that Taiwanese are Chinese, but then suppressed the results when they showed that the population of the region derived not from the Han ethnic group, but from the Yue people, who populate northern Southeast Asia as well as southern China. Yu, who noted he had submitted his own DNA for testing, indicated he was hoping to find aboriginal and other non-Han elements in his DNA, contrary to his China-based family genealogy, which he no longer believed. (Note: We have heard previously that a good number of the DPP leadership has been undergoing DNA testing in hopes of having a politically correct pedigree. Some DPP officials have proudly revealed their "mixed" heritage to AIT. End note.)

Prospects Dim for Passing Annual Budget  
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19. (C) The Director underscored the importance of Taiwan passing a robust defense budget, which has been held up by the DPP-KMT deadlock in the legislature. Yu emphasized that the DPP also wants to see the annual budget passed, but is unwilling to cave into KMT attempts to hold the budget "hostage" to the CEC reforms. According to Yu, pressure is growing within the KMT to pass the budget as some legislators

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are arguing that failure to act is hurting local KMT interests. While Speaker Wang likely wants to see the budget passed, only Ma has the ability to influence the KMT caucus on this issue. Doubting that Ma would be willing to do so, Yu predicted that Premier Chang will not be able to resolve the impasse.

Comment  
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110. (C) Frank Hsieh, Yu Shyi-kun, President Chen, and other party leaders all share the same goal of producing a DPP victory in the 2008 presidential election. While Yu and others are promoting Taiwan identity issues to mobilize the DPP base, as well as to hold their candidate to core "green" issues, we expect Hsieh to play a more moderate hand in an effort to appeal to potential swing voters. Coordinating the differing campaign agendas of party heavyweights will be key to the DPP's efforts to win in 2008.

YOUNG